



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
STATE BUDGET OFFICE
LANSING

JOHN S. ROBERTS
DIRECTOR

May 18, 2015

The Honorable Dave Hildenbrand, Chair
Senate Appropriations Committee
Michigan State Senate
State Capitol
Lansing, Michigan 48909

The Honorable Al Pscholka, Chair
House Appropriations Committee
Michigan House of Representatives
State Capitol
Lansing, Michigan 48909

Dear Legislators:

SUBJECT: Executive Budget Revision #2016-4

Attached is a revision to the Executive Budget Recommendation for fiscal year 2016 appropriations and fiscal year 2017 anticipated appropriations to reflect implementation of Executive Order 2015-10. This budget revision impacts the departments of Environmental Quality, Licensing and Regulatory Affairs, State Police, and Talent and Economic Development. This revision increases the Fiscal Year 2016 Executive Budget Recommendation for the Department of Licensing and Regulatory Affairs by \$833,700 in restricted funds to support the leadership of the new Michigan Agency for Energy.

If you have any questions regarding this revision, please contact Nancy W. Duncan, Deputy State Budget Director, at (517) 373-0870.

Sincerely,



John S. Roberts
State Budget Director

Attachments

cc: Arlan Meekhof, Senate Majority Leader
Kevin Cotter, Speaker of the House
Jim Ananich, Senate Minority Leader
Tim Greimel, House Minority Leader
Senate Appropriations Committee
House Appropriations Committee
Senate Fiscal Agency
House Fiscal Agency

Departments
Dick Posthumus, Executive Office
Dennis Muchmore, Chief of Staff
Nancy W. Duncan, Deputy State
Budget Director
Michael J. Moody, Office of
Financial Management
Internal State Budget Office

FISCAL YEARS 2016 and 2017 EXECUTIVE BUDGET REVISION

**DEPARTMENT OF ENVIRONMENTAL QUALITY
Article 7**

	Page	Line	FY 2016 Original Exec. Rec.	Revision 1	FY 2016 Revised Exec. Rec.	FY 2017 Original Exec. Rec.	Revision 1	FY 2017 Revised Exec. Rec.
APPROPRIATION SUMMARY								
Full-time equated unclassified positions	117	3	6.0	0.0	6.0	6.0	0.0	6.0
Full-time equated classified positions	117	4	1,221.0	(3.0)	1,218.0	1,221.0	(3.0)	1,218.0
GROSS APPROPRIATION	117	5	487,925,900	(1,303,600)	486,622,300	487,925,900	(1,303,600)	486,622,300
Total interdepartmental grants and interdepartmental transfers	117	7	9,115,300	0	9,115,300	9,115,300	0	9,115,300
ADJUSTED GROSS APPROPRIATION	117	8	478,810,600	(1,303,600)	477,507,000	478,810,600	(1,303,600)	477,507,000
Total federal revenues	117	9	138,163,100	(84,000)	138,079,100	138,163,100	(84,000)	138,079,100
Total local revenues	117	10	0	0	0	0	0	0
Total private revenues	117	11	546,000	0	546,000	546,000	0	546,000
Total other state restricted revenues	117	12	304,723,800	(669,600)	304,054,200	304,723,800	(669,600)	304,054,200
State general fund/general purpose	117	13	35,377,700	(550,000)	34,827,700	35,377,700	(550,000)	34,827,700
<i>State general fund/general purpose schedule:</i>								
Ongoing state general fund/general purpose	117	15	35,377,700	(550,000)	34,827,700	35,377,700	(550,000)	34,827,700
One-time state general fund/general purpose	117	16	0	0	0	0	0	0
Sec. 7-106. OFFICE OF ENVIRONMENTAL ASSISTANCE								
Full-time equated classified positions	118	26	40.0	(2.0)	38.0	40.0	(2.0)	38.0
Office of environmental assistance - 40-0 38.0 FTE positions	118	27	7,233,000	(1,053,600)	6,179,400	7,233,000	(1,053,600)	6,179,400
GROSS APPROPRIATION	118	29	7,483,000	(1,053,600)	6,429,400	7,483,000	(1,053,600)	6,429,400
Federal revenues	118	31	779,100	(84,000)	695,100	779,100	(84,000)	695,100
State restricted revenues	119	1	3,210,100	(669,600)	2,540,500	3,210,100	(669,600)	2,540,500
State general fund/general purpose	119	2	3,134,600	(300,000)	2,834,600	3,134,600	(300,000)	2,834,600
Sec. 7-109. AIR QUALITY DIVISION								
Full-time equated classified positions	120	1	189.0	(1.0)	188.0	189.0	(1.0)	188.0
Air quality programs - 489-0 188.0 FTE positions	120	2	26,731,000	(250,000)	26,481,000	26,731,000	(250,000)	26,481,000
GROSS APPROPRIATION	120	3	26,731,000	(250,000)	26,481,000	26,731,000	(250,000)	26,481,000
State general fund/general purpose	120	7	4,580,700	(250,000)	4,330,700	4,580,700	(250,000)	4,330,700

BOILERPLATE:

GENERAL SECTIONS

Sec. 7-201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2015-2016 is ~~\$340,404,500.00~~ **\$338,881,900.00** and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 is ~~\$3,648,500.00~~ **\$3,648,500.00**. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF ENVIRONMENTAL QUALITY

Drinking water and environmental health	\$1,800,000
Septage waste compliance grants	275,000
Surface water quality program	500,000
Waste management programs	1,073,500
TOTAL	\$3,648,500

Sec. 7-234. Total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2016 is ~~\$32,446,600.00~~ **\$32,301,900.00**. From this amount, total agency appropriations for pension-related legacy costs are estimated at ~~\$18,389,000.00~~ **\$18,340,800.00**. Total agency appropriations for retiree health care legacy costs are estimated at ~~\$14,046,600.00~~ **\$13,961,100.00**.

Explanation: Pursuant to Executive Order 2015-10, this revision implements the transfer of the Retired Engineers Technical Assistance Program and the Air Policy Director from the Department of Environmental Quality to the Michigan Agency for Energy in the Department of Licensing and Regulatory Affairs.

FISCAL YEARS 2016 and 2017 EXECUTIVE BUDGET REVISION

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
Article 13

	Page	Line	FY 2016 Revised Exec. Rec.	Revision 3	FY 2016 Revised Exec. Rec.	FY 2017 Revised Exec. Rec.	Revision 3	FY 2017 Revised Exec. Rec.
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS								
APPROPRIATION SUMMARY								
Full-time equated unclassified positions	195	3	57.5	0.0	57.5	57.5	0.0	57.5
Full-time equated classified positions	195	4	2,179.3	(1.0)	2,178.3	2,179.3	(1.0)	2,178.3
GROSS APPROPRIATION	195	5	410,099,400	3,859,400	413,958,800	410,099,400	3,859,400	413,958,800
Total interdepartmental grants and interdepartmental transfers	195	8	42,568,700	0	42,568,700	42,568,700	0	42,568,700
ADJUSTED GROSS APPROPRIATION	195	9	367,530,700	3,859,400	371,390,100	367,530,700	3,859,400	371,390,100
Total federal revenues	195	10	59,796,400	3,878,500	63,674,900	59,796,400	3,878,500	63,674,900
Total local revenues	195	11	679,000	0	679,000	679,000	0	679,000
Total private revenues	195	12	311,300	30,000	341,300	311,300	30,000	341,300
Total other state restricted revenue	195	13	265,812,500	(599,100)	265,213,400	265,812,500	(599,100)	265,213,400
State general fund/general purpose	195	14	40,931,500	550,000	41,481,500	40,931,500	550,000	41,481,500
<i>State general fund/general purpose schedule.</i>								
Ongoing state general fund/general purpose	195	16	40,931,500	550,000	41,481,500	40,931,500	550,000	41,481,500
One-time state general fund/general purpose	195	17	0	0	0	0	0	0
Sec. 13-102. DEPARTMENTAL ADMINISTRATION								
Unclassified salaries - 57.5 FTE positions	195	21	4,486,100	119,100	4,605,200	4,486,100	119,100	4,605,200
Executive director programs - 32.0 FTE positions	195	22	2,911,500	(21,300)	2,890,200	2,911,500	(21,300)	2,890,200
Administrative services - 80.0 FTE positions	195	23	8,616,100	(102,300)	8,513,800	8,616,100	(102,300)	8,513,800
Property management	195	25	11,900,400	(124,000)	11,776,400	11,900,400	(124,000)	11,776,400
GROSS APPROPRIATION	195	29	29,785,300	(128,500)	29,656,800	29,785,300	(128,500)	29,656,800
State restricted revenues - departmental administration	195	5	24,169,300	(128,500)	24,040,800	24,169,300	(128,500)	24,040,800
Sec. 13-103. PUBLIC SERVICE COMMISSION MICHIGAN AGENCY FOR ENERGY								
Full-time equated classified positions	196	8	190.0	(1.0)	189.0	190.0	(1.0)	189.0
Michigan agency for energy - 52.0 FTE positions	NEW	NEW	0	12,155,100	12,155,100	0	12,155,100	12,155,100
Public service commission - 190.9 137.0 FTE positions	196	9	30,033,200	(7,976,400)	22,056,800	30,033,200	(7,976,400)	22,056,800
GROSS APPROPRIATION	196	10	30,033,200	4,178,700	34,211,900	30,033,200	4,178,700	34,211,900
DOE-OEERE, multiple grants	196	13	56,700	3,794,500	3,851,200	56,700	3,794,500	3,851,200
Federal revenues	NEW	NEW	0	84,000	84,000	0	84,000	84,000
Oil overcharge	NEW	NEW	0	30,000	30,000	0	30,000	30,000
Motor-carrier-fees-	196	16	2,510,000	(2,510,000)	0	2,510,000	(2,510,000)	0
Public utility assessments	196	17	25,286,500	1,560,600	26,847,100	25,286,500	1,560,600	26,847,100
Retired engineers technical assistance program	NEW	NEW	0	669,600	669,600	0	669,600	669,600
State general fund/general purpose	196	20	0	550,000	550,000	0	550,000	550,000
Sec. 13-109. INFORMATION TECHNOLOGY								
Information technology services and projects	200	23	20,169,900	(190,800)	19,979,100	20,169,900	(190,800)	19,979,100
GROSS APPROPRIATION	200	24	20,169,900	(190,800)	19,979,100	19,979,100	(190,800)	19,788,300
State restricted revenue - information technology	200	30	17,408,700	(190,800)	17,217,900	17,408,700	(190,800)	17,217,900

BOILERPLATE:**GENERAL SECTIONS**

Sec. 13-201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2015-2016 is ~~\$306,744,000.00~~ \$306,694,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 is \$30,936,900.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

Fire protection grants	\$9,273,900
Firefighter training grants	1,000,000
Liquor law enforcement grants	9,911,200
Medical marijuana operation and oversight grants	3,000,000
Remuneration grants	7,300,000
Subregional libraries state aid	451,800
TOTAL	\$30,936,900

Sec. 13-235. Total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2016 is ~~\$66,364,400.00~~ \$55,244,600.00. From this amount, total agency appropriations for pension-related legacy costs are estimated at ~~\$31,427,200.00~~ \$31,352,700.00. Total agency appropriations for retiree health care legacy costs are estimated at ~~\$23,937,200.00~~ \$23,891,800.00.

Explanation. Pursuant to Executive Order 2015-10, this revision implements the transfer in of the Michigan Energy Office, the Retired Engineers Technical Assistance Program, and the Air Policy Director from the Department of Talent and Economic Development and the Department of Environmental Quality in order to create the Michigan Agency for Energy in the Department of Licensing and Regulatory Affairs. This revision also transfers the Motor Carrier Division from the Public Service Commission within the Department of Licensing and Regulatory Affairs to the Department of State Police.

FISCAL YEARS 2016 and 2017 EXECUTIVE BUDGET REVISION

**DEPARTMENT OF STATE POLICE
Article 17**

	Page	Line	FY 2016 Original Exec. Rec.	Revision 1	FY 2016 Revised Exec. Rec.	FY 2017 Original Exec. Rec.	Revision 1	FY 2017 Revised Exec. Rec.
DEPARTMENT OF STATE POLICE								
APPROPRIATION SUMMARY								
Full-time equated unclassified positions	263	3	3.0	0.0	3.0	3.0	0.0	3.0
Full-time equated classified positions	263	4	3,091.0	14.0	3,105.0	3,091.0	14.0	3,105.0
GROSS APPROPRIATION	263	5	613,531,200	2,974,300	616,505,500	616,003,300	2,974,300	618,977,600
Total interdepartmental grants and interdepartmental transfers	263	7	26,224,300	0	26,224,300	26,224,300	0	26,224,300
ADJUSTED GROSS APPROPRIATION	263	8	587,306,900	2,974,300	590,281,200	589,779,000	2,974,300	592,753,300
Total federal revenues	263	9	87,945,900	0	87,945,900	87,945,900	0	87,945,900
Total local revenues	263	10	5,456,700	0	5,456,700	5,456,700	0	5,456,700
Total private revenues	263	11	76,700	0	76,700	76,700	0	76,700
Total other state restricted revenue	263	12	120,353,900	2,974,300	123,328,200	120,353,900	2,974,300	123,328,200
State general fund/general purpose	263	13	373,473,700	0	373,473,700	375,945,800	0	375,945,800
<i>State general fund/general purpose schedule:</i>								
Ongoing state general fund/general purpose	263	15	369,773,700	0	369,773,700	375,945,800	0	375,945,800
One-time state general fund/general purpose	263	16	3,700,000	0	3,700,000	0	0	0
Sec. 17-102. EXECUTIVE AND DEPARTMENTAL SERVICES								
Executive and departmental services	263	21	94,068,900	190,800	94,259,700	94,068,900	190,800	94,259,700
GROSS APPROPRIATION	263	22	94,654,400	190,800	94,845,200	94,654,400	190,800	94,845,200
State restricted revenues	263	27	19,919,000	190,800	20,109,800	19,919,000	190,800	20,109,800
<i>Schedule of programs:</i>								
Information technology services and projects	264	10	23,883,000	190,800	24,073,800	23,883,000	190,800	24,073,800
Sec. 17-105. SPECIALIZED SERVICES								
Full-time equated classified positions	265	29	472.0	14.0	486.0	472.0	14.0	486.0
Specialized services	265	30	129,223,000	2,783,500	132,006,500	129,223,000	2,783,500	132,006,500
GROSS APPROPRIATION	265	31	129,223,000	2,783,500	132,006,500	129,223,000	2,783,500	132,006,500
State restricted revenues	266	5	22,293,100	2,783,500	25,076,600	22,293,100	2,783,500	25,076,600
<i>Schedule of programs:</i>								
Operational support	266	8	24,554,400	11,300	24,565,700	24,554,400	11,300	24,565,700
Motor carrier regulation	NEW	NEW	0	2,772,200	2,772,200	0	2,772,200	2,772,200

BOILERPLATE:

GENERAL SECTIONS

Sec. 17-201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2015-2016 is \$493,827,600.00-
\$496,801,900.00 and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 is \$11,899,400.00. The itemized statement below identifies
appropriations from which spending to local units of government will occur:

DEPARTMENT OF STATE POLICE

Training only to local units	\$271,700
Standards and training / justice training grants	3,500
Operational support	669,200
Secondary road patrol program	10,955,000
TOTAL	\$11,899,400

Sec. 17-233. Total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2016 is \$122,920,900.00 \$123,378,400.00. From this
amount, total agency appropriations for pension-related legacy costs are estimated at \$66,961,400.00 \$67,221,200.00. Total agency appropriations for retiree health care legacy costs are
estimated at \$66,959,500.00 \$66,157,300.00.

Explanation: Pursuant to Executive Order 2015-10, this revision implements the transfer of the Motor Carrier Division from the Public Service Commission within the Department of Licensing
and Regulatory Affairs to the Department of State Police.

FISCAL YEARS 2016 and 2017 EXECUTIVE BUDGET REVISION

**DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT
Article XX (New)**

	Page	Line	FY 2016 Revised Exec. Rec.	Revision 2	FY 2016 Revised Exec. Rec.	FY 2017 Revised Exec. Rec.	Revision 2	FY 2017 Revised Exec. Rec.
DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT								
APPROPRIATION SUMMARY								
Full-time equated unclassified positions	NEW	NEW	6 0	0 0	6 0	6 0	0 0	6 0
Full-time equated classified positions	NEW	NEW	1,620 0	(7 0)	1,613 0	1,620 0	(7 0)	1,613 0
GROSS APPROPRIATION	NEW	NEW	1,193,169,900	(4,696,400)	1,188,473,500	1,150,269,900	(4,696,400)	1,145,573,500
Total interdepartmental grants and interdepartmental transfers	NEW	NEW	0	0	0	0	0	0
ADJUSTED GROSS APPROPRIATION	NEW	NEW	1,193,169,900	(4,696,400)	1,188,473,500	1,150,269,900	(4,696,400)	1,145,573,500
Total federal revenues	NEW	NEW	767,897,300	(3,794,500)	764,102,800	767,897,300	(3,794,500)	764,102,800
Total local revenues	NEW	NEW	4,433,500	0	4,433,500	4,433,500	0	4,433,500
Total private revenues	NEW	NEW	5,649,000	(30,000)	5,619,000	5,649,000	(30,000)	5,619,000
Total other state restricted revenues	NEW	NEW	181,283,100	(871,900)	180,411,200	181,283,100	(871,900)	180,411,200
State general fund/general purpose	NEW	NEW	233,907,000	0	233,907,000	191,007,000	0	191,007,000
<i>State general fund/general purpose schedule:</i>								
Ongoing state general fund/general purpose	NEW	NEW	191,007,000	0	191,007,000	191,007,000	0	191,007,000
One-time state general fund/general purpose	NEW	NEW	42,900,000	0	42,900,000	0	0	0
Sec. XX-103. MICHIGAN STRATEGIC FUND								
Full-time equated classified positions	NEW	NEW	179 0	(7 0)	172 0	179 0	(7 0)	172 0
Job creation services - 432-0 125 0 FTE positions	NEW	NEW	18,166,000	(1,085,500)	17,080,500	18,166,000	(1,085,500)	17,080,500
Federal-energy-programs	NEW	NEW	3,610,900	(3,610,900)	0	3,610,900	(3,610,900)	0
GROSS APPROPRIATION	NEW	NEW	298,073,200	(4,696,400)	293,376,800	134,194,600	(4,696,400)	129,498,200
Federal revenues	NEW	NEW	57,231,100	(3,794,500)	53,436,600	57,231,100	(3,794,500)	53,436,600
Private revenues	NEW	NEW	380,000	(30,000)	350,000	380,000	(30,000)	350,000
State restricted funds	NEW	NEW	76,583,500	(871,900)	75,711,600	76,583,500	(871,900)	75,711,600

BOILERPLATE:

GENERAL SECTIONS

Sec. XX-201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2015-2016 is ~~\$416,400,400.00~~ **\$414,318,200.00** and state spending from state resources to be paid to local units of government for fiscal year 2015-2016 is \$15,224,800.00. The itemized statement below identifies appropriations from which spending to local units of government will occur:

DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT

Welfare-to-work programs \$15,224,800

Sec. XX-213 Total authorized appropriations from all department sources under part 1 for legacy costs for the fiscal year ending September 30, 2016 is ~~\$36,926,400.00~~ **\$36,701,100.00**. From this amount, total department appropriations for pension-related legacy costs are estimated at ~~\$20,968,600.00~~ **\$20,831,400.00**. Total department appropriations for retiree health care legacy costs are estimated at ~~\$16,966,600.00~~ **\$15,869,700.00**.

Explanation: Pursuant to Executive Order 2015-10, this revision implements the transfer of the Michigan Energy Office from the Michigan Strategic Fund to the Michigan Agency for Energy in the Department of Licensing and Regulatory Affairs.